

Message Text

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ACTION EB-08

INFO OCT-01 EA-09 ISO-00 COME-00 /018 W
-----210908Z 021169 /20

P R 210650Z MAR 77
FM AMCONSUL SYDNEY
TO SECSTATE WASHDC PRIORITY 7480
INFO AMEMBASSY CANBERRA
AMEMBASSY WELLINGTON

UNCLAS SECTION 1 OF 2 SYDNEY 0660

E.O. 11652: N/A
TAGS: BEXP, BGEN, AMGT, AS
SUBJECT: PROPOSAL TO CLOSE U.S. TRADE CENTER SYDNEY

FOR EB/OCA AND EA/ANP

REF: (A) CANBERRA 1150, (B) USDOC 3144, FEBRUARY 24, 1977

1. REF. A STATED EMBASSY'S CASE FOR RETAINING SYDNEY TRADE CENTER AND REQUESTED THAT DEPARTMENT TAKE STEPS TO REVERSE COMMERCE DECISION TO CLOSE THE TRADE CENTER AT THE END OF FISCAL 1977. REFERENCE B WAS OUR FIRST OFFICIAL NOTIFICATION OF COMMERCE DECISION AND THE RATIONALE FOR IT.

2. ON BASIS REF B WE UNDERTOOK DETAILED ANALYSIS OF SYDNEY TC RESULTS IN CY 76 AND COMPARED THEM TO THOSE OF OTHER DEVELOPED MARKET CENTERS. THE RESULTS OF THIS ANALYSIS ARE SUMMARIZED IN PARA 3 BELOW, WHICH SETS THEM FORTH IN THE FORM OF A REBUTTAL TO REFERENCE B. (THE COMMERCE POSITIONS AS STATED IN PARA 3 BELOW ARE QUOTED FROM REF B, THE FEBRUARY 24 MESSAGE FROM THE SECRETARY OF COMMERCE TO THE PRESIDENT OF THE AMERICAN CHAMBER OF COMMERCE IN AUSTRALIA.)

3. SUMMARY OF FACTS RELATIVE TO PROPOSED CLOSING OF SYDNEY TRADE CENTER (STC):
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KA) COMMERCE POSITION: DURING 1976, ALL EXPORT PROMOTION PROJECTS WERE REVIEWED AND THE SYDNEY FACILITY WAS IDENTIFIED AS A REJECT WHERE THE BENEFITS DERIVED DID NOT JUSTIFY THE COST.

FACT: THE DECISION TO CLOSE THE STC WAS NOT REVIEWED WITH
(A) THE ECONOMICS/BUSINESS BUREAU OF THE DEPARTMENT OF STATE;

(B) AMERICAN EMBASSY, CANBERRA; (C) AMERICAN EMBASSY WELLINGTON; (D) AMERICAN CONSULATE GENERAL, SYDNEY. IT ALSO SEEMS TO DIVERGE FROM THE SENSE OF CONGRESS AS INDICATED IN THE COMMITTEE REPORT ON THE 1976 HEARINGS ON THE COMMERCE BUDGET. WE BELIEVE THE FOLLOWING FACTS LEAD TO THE OPPOSITE CONCLUSION, NAMELY THAT THE STC SHOULD BE MAINTAINED.

(B) COMMERCE POSITION: IN 1976, FOR EXAMPLE, ONLY 39 PERCENT OF THE PARTICIPANTS AT STC SHOWS WERE NEW-TO-MARKET WHEREAS 82 PERCENT OF THE FIRMS AT ALL DEVELOPED MARKET TRADE CENTER SHOWS WERE NEW-TO-MARKET.

FACT: IN CY 1976, 84 PERCENT OF THE PARTICIPANTS IN STC SHOWS WERE NEW-TO-MARKET. PRIOR TO CY 1976, UNDER INSTRUCTIONS FROM COMMERCE, STC DID NOT CATER TO NEW-TO-MARKET COMPANIES.

(C) COMMERCE POSITION: IN 1976 ... (STC) SHOWS PRODUCED CONTRIBUTORY EXPORT SALES THAT WERE 64 PERCENT LESS THAN THE AVERAGE SALES GENERATED AT ALL DEVELOPED MARKET TRADE CENTER EVENTS.

FACT: IN CY 1976, FOUR STC SHOWS PRODUCED DOLS 52.8 MILLION IN CONTRIBUTORY EXPORT SALES, AN AVERAGE OF DOLS 13.2 MILLION PER SHOW AND DOLS 652,000 PER PARTICIPANT. THESE LATTER TWO RESULTS WERE RESPECTIVELY 159 PERCENT AND 202 PERCENT HIGHER THAN THE CORRESPONDING AVERAGE SALES FOR ALL DEVELOPED MARKET TRADE CENTER EVENTS IN FY 76 (LATEST PUBLISHED DATA AVAILABLE).

(D) COMMERCE POSITION: IN GENERAL, EVENTS HELD AT THE TRADE UNCLASSIFIED

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CENTER HAVE NOT BEEN EFFECTIVE IN GENERATING DEMAND FOR AMERICAN PRODUCTS OUTSIDE OF THE SYDNEY AREA.

FACT: VALID DATA SUFFICIENT TO TEST THIS THESIS DO NOT EXIST FOR ANY TRADE CENTER. THE SYDNEY AREA GENERATES 43 PERCENT OF AUSTRALIAN IMPORTS AND THE SYDNEY-MELBOURNE AXIS ACCOUNTS FOR 78 PERCENT -- AN EXTRAORDINARY DEGREE OF MARKET CONCENTRATION. MANY MAJOR FIRMS HAVE OFFICES IN BOTH CITIES, THUS MANY TC VISITORS REPRESENTING MELBOURNE FIRMS MAY REGISTER A SYDNEY ADDRESS. OF AUSTRALIAN AGENTS UTILIZING THE STC IN CY 1976, 30 PERCENT CAME FROM OUTSIDE THE SYDNEY AREA.

(E) COMMERCE POSITION: SEVERAL EVENTS ATTRIBUTED TO THE TRADE CENTER ... HAVE, IN FACT, BEEN HELD IN NEW ZEALAND OR OTHER AUSTRALIAN CITIES AS OFFSITE EVENTS.

FACT: RESULTS OF OFFSITE EVENTS ARE NOT INCLUDED IN (B) AND (C) ABOVE EVEN THOUGH THEY ARE MORE THAN "ATTRIBUTED TO THE STC". SUCH EVENTS HAVE BEEN PROMOTED, BUILT, AND OPERATED BY STC STAFF

AT PERHAPS ONE THIRD TO ONE HALF THE EXPENSE REQUIRED TO OPERATE SUCH SHOWS OUT OF WASHINGTON. OFF-SITE EVENTS HAVE TRADITIONALLY BEEN CONSIDERED, PROGRAM-WIDE, AS A COST-EFFECTIVE MEANS OF CAPITALIZING ON SPECIFIC EXPORT PROMOTION OPPORTUNITIES REMOTE FROM THE CITY IN WHICH A TC IS LOCATED. ACCORDINGLY, AN OFFSITE SHOW SUPPLEMENTS AND ENHANCES A REGULAR SCHEDULE OF TC SHOWS RATHER THAN DETRACTING FROM IT AS IMPLIED BY THE COMMERCE POSITION. THE LAST STC OFF-SITE WAS HELD IN FY 76. IT IS WORTH NOTING THAT THE STC ALSO MOUNTED FIVE MAJOR EXHIBITIONS AND 33 BSP'S IN THE CENTER ITSELF IN FY 76 AT A NET COST TO THE U.S. DEPARTMENT OF COMMERCE OF APPROXIMATELY DOLS 245,000 (INCLUDING THE OFF-SITE).

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ACTION EB-08

INFO OCT-01 EA-09 ISO-00 COME-00 /018 W
-----210907Z 021245 /15

P R 210650Z MAR 77
FM AMCONSUL SYDNEY
TO SECSTATE WASHDC PRIORITY 7481
INFO AMEMBASSY CANBERRA
AMEMBASSY WELLINGTON

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FOR EB/OCA AND EA/ANP

4. THE AMERICAN CHAMBER OF COMMERCE IN AUSTRALIA (AMCHAM) PLANS TO SEEK REVERSAL OF COMMERCE DECISION IN CONGRESSIONAL HEARINGS ON COMMERCE BUDGET SCHEDULED FOR MID-APRIL. WE ARE INFORMED THAT AMCHAM IN NEW ZEALAND PLANS SIMILAR CAMPAIGN. AMCHAM AUSTRALIA INTENDS TO USE THE DATA QUOTED IN PARA 3 ABOVE, IN CONJUNCTION WITH U.S. CHAMBER OF COMMERCE IN WASHINGTON, IN DISCUSSIONS WITH MEMBERS OF PERTINENT CONGRESSIONAL COMMITTEES.

5. IN ORDER TO BE FULLY INFORMED BEFORE APPROACHING CONGRESS, AMCHAM HAS ASKED US TO OBTAIN STATE DEPARTMENT'S VIEWS ON THIS ISSUE ASAP. THEY FEEL THAT THEIR PETITION TO CONGRESS WOULD BE STRENGTHENED IF THE DEPARTMENT SUPPORTS THEIR CAMPAIGN THROUGH A STATEMENT OF POLICY.

6. WE FEEL THAT THERE IS A STRONG CASE FOR RETAINING THE STC ON ITS MERITS, AND THAT IF THE DECISION IS ALLOWED TO STAND

IT WILL IMPAIR THE USG TRADE PROMOTION PROGRAM IN AUSTRALASIA.
WE THEREFORE REINFORCE THE EMBASSY'S APPEAL AND URGE THE
DEPARTMENT TO SEEK REVERSAL OF THE COMMERCE DECISION.

7. WE ALSO REQUEST RESPONSE TO AMCHAM QUESTION PARA 5.

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IM DETAILS OF OUR ANALYSIS OF TRADE CENTER PERFORMANCE ARE
BEING MAILED TO EB/OCA AND EA/ANP.

9. EMBASSY HAS CLEARED THIS MESSAGE.
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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: n/a
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Disposition Approved on Date:
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Disposition Comment:
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Disposition Event:
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Executive Order: N/A
Errors: N/A
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
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Previous Handling Restrictions: n/a
Reference: 77 CANBERRA 1150
Retention: 0
Review Action: RELEASED, APPROVED
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Review Event:
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Review Media Identifier:
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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3041984
Secure: OPEN
Status: NATIVE
Subject: PROPOSAL TO CLOSE U.S. TRADE CENTER SYDNEY FOR EB/OCA AND EA/ANP
TAGS: BEXP, BGEN, AMGT, AS
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6199d4b4-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009